



**Committee on Rules of Origin**

**CALCULATION OF UTILIZATION RATES UNDER PREFERENTIAL DUTY SCHEMES FOR  
LEAST DEVELOPED COUNTRIES: THE CASE OF MINERALS AND METALS**

NOTE BY THE SECRETARIAT<sup>1</sup>

**1 INTRODUCTION**

1.1. Previous notes by the Secretariat indicated that Least Developed Countries (LDCs) were not making full use of non-reciprocal trade preferences available to them: in other words, imports eligible for preferential tariff treatment paid Most-Favoured Nation duties instead of receiving preferences. The Secretariat assessed that this "underutilization" of trade preferences concerned all preference-granting Members, albeit to a varying extent (G/RO/W/179). Calculations also highlighted that underutilization affected sectors in different ways, but that it was common also for goods subject to simple rules of origin, such as agricultural products and fresh fruits and vegetables deemed to be wholly obtained (G/RO/W/185). Given that the non-utilization of preferences for such goods was counterintuitive, the Secretariat explored the hypothesis that strict direct consignment obligations could be hindering the ability of LDCs to fully utilize preferential market access conditions (G/RO/W/187/Rev.1).

1.2. This note expands that analysis by examining the underutilization of trade preferences in the minerals and metals sector. It aims at building a better understanding in the Committee on Rules of Origin about the impact of origin requirements on the utilization of trade preferences by LDCs, as mandated in paragraph 4.3 of the Nairobi Ministerial Decision (WT/L/917/Add.1).

**2 EXPORTS OF MINERALS AND METALS BY LDCS**

2.1. In terms of export value, minerals and metals is one of the most significant sectors for many LDCs, even when crude and refined petroleum and other mineral fuel exports (HS 2709 and HS2710) are excluded from the analysis. Overall, in 2018, LDCs exported minerals and metals of a total value of USD 40.7 billion to preference granting members listed in table 1. The majority of these products are subject to MFN zero duties and the rest, about one-fourth of all imports, can benefit from preferential tariff treatment. However, as the note will show, not all exported mineral and metals are reportedly receiving preferential market access and are subject to MFN duty treatment instead. Accordingly, full utilization of trade preference could lead to considerable duty savings for LDC beneficiaries.

**2.1 Description of products covered in this analysis**

2.2. The calculations in this note cover specifically the following product categories<sup>2</sup>:

- Salts, earths, stones and cement (HS chapters 25 and 68);
- Mineral and metals such as iron, copper, nickel, cobalt, aluminium, lead (HS chapter 26);

<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

<sup>2</sup> "Minerals and Metals" comprise specifically the following HS codes: 2601-17, 2620, Ch. 72-76 (except 7321-22), Ch. 78-83 (except 8304-05) Ch. 25, 2618-19, 2621, 2701-04, 2706- 08, 2711-15, Ch.31, 3403, Ch. 68-71 (except 6807, 701911-19, 701940-59), and 911310-20. These products correspond to two of the "Multilateral Trade Negotiations (MTN)" categories used in different publications by the Secretariat for tariff and trade analyses. The full list of MTN categories can be consulted in the 2020 WTO World Tariff Profiles (page 40), available at: [https://www.wto.org/english/res\\_e/booksp\\_e/tariff\\_profiles20\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/tariff_profiles20_e.pdf).

- Products of minerals and metals such as iron, copper and steel products, copper and articles made of base metals as well as metal alloys (HS chapters 72 to 81);
- Tools and cutlery of base metal (HS chapters 82 and 83);
- Mineral fuels such as coal, natural gas, propane and butane but excluding crude and refined petroleum (HS headings 2701 to 2704, 2706 to 2708 and 2711 to 2715);
- Fertilizers (HS chapter 31);
- Mineral lubricants (HS subheading 3403);
- Ceramic products (chapter 69);
- Glass and glassware (chapter 70 except 701911-19, 701940-59); and
- Pearls, precious and semi-precious stones and jewellery (HS chapter 71 and HS Subheadings 911310 and 20).

## 2.2 Overview of LDC trade in these products

2.3. The schemes reviewed in this note are non-reciprocal preferential trade arrangements for LDCs (LDC-PTAs, henceforth) for which preferential tariff and preferential import statistics are available with the Secretariat as indicated in Table 1.

**Table 1: List of PTAs included in the analysis**

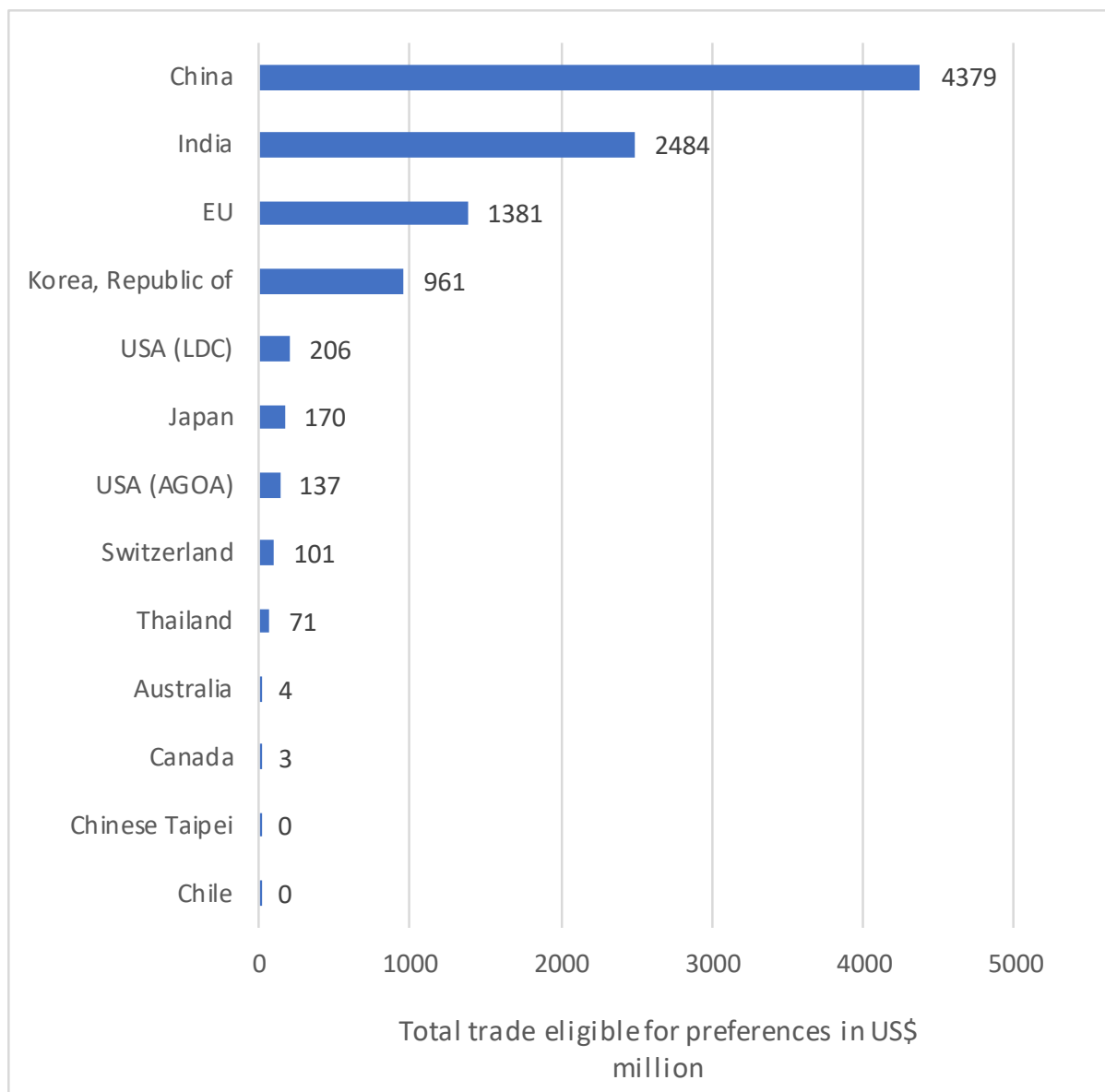
Preference-granting Member	Year of tariff and import statistics	Preferential Trade Arrangement
1. Australia	2018	GSP-LDC
2. Canada	2018	GSP-LDC
3. Chile	2018	LDC-specific
4. China	2016	LDC-specific
5. European Union	2018	GSP-LDC
6. India	2015	LDC-specific
7. Japan	2018	GSP-LDC
8. Korea, Republic of	2018	LDC-specific
9. Switzerland	2018	GSP-LDC
10. Chinese Taipei	2018	LDC-specific
11. Thailand	2018	LDC-specific
12. United States (GSP/LDC)	2018	GSP-LDC
13. United States (AGOA)	2018	AGOA

Source: Preferential Trade Arrangements database (<http://ptadb.wto.org>).<sup>3</sup>

2.4. China, India, the European Union and the Republic of Korea are, by far, the most important destinations by value of preference eligible minerals and metals originating in LDCs. In total there are almost USD 9.9 billion of trade eligible for preferences of which China alone imports 44.2%, followed by India (25.1%), the European Union (14%) and the Republic of Korea (9.7%), as can be seen in Figure 1. Nonetheless, LDC exports eligible for preferences is substantial for all preference granting Members except for Australia and Canada (for whom trade eligible for preferences is less than USD 5 million).

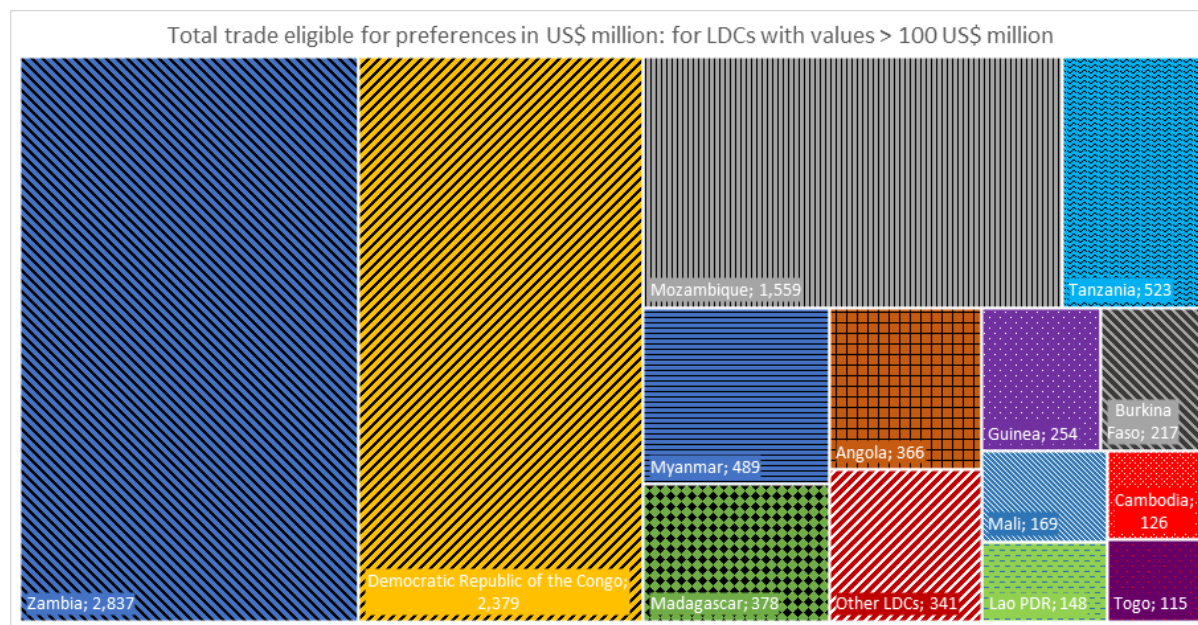
2.5. In terms of export products, it is worth highlighting that copper alone (HS chapter 74) accounts for 45% of imports from LDCs in this sector. Other significant exports are precious or semi-precious stones, precious metals and jewellery (16%, HS chapter 71), and aluminium (14%, mostly exports from Mozambique to the EU, HS chapter 76).

<sup>3</sup> Norway's MFN tariffs on imports of minerals and metals are equal to zero in 2017 (the latest available year of import data detailing the duty scheme used). Hence, the Norwegian GSP scheme is not part of this analysis.

**Figure 1: Total trade eligible for preferences in USD million, 2018**

Source: WTO Integrated Database, 2020.

2.6. As far as LDC beneficiaries are concerned, Figure 2 shows the value of LDC exports of minerals and metals to preference-granting Members listed in Table 1. Zambia (key product: copper), the Democratic Republic of Congo (key products: cobalt and copper) and Mozambique (key product: aluminium) account for the majority of exports in this sector. In addition, Tanzania (key product: gold), Myanmar (key products: copper, ferro-nickel, jewellery and precious stones), Madagascar (key product: nickel), Angola (key products: natural gas and diamonds), Guinea (key product: gold) and Burkina Faso (key product: gold) have preference-eligible exports above USD 200 million. Almost all LDCs, however, record substantial trade flows in minerals and metals.

**Figure 2: Total trade eligible for preferences in USD million, by origin, 2018<sup>4</sup>**

Source: WTO Integrated Database, 2020.

### 3 RULES OF ORIGIN APPLIED TO THESE PRODUCTS

3.1. Different preference-granting Members apply different methods to determine the origin of minerals and metals, reflecting the heterogeneity of the products covered in this sector. Two main types of rules can be distinguished, depending on the level of processing of the goods:

#### 3.1 "Wholly-obtained" goods

3.2. Wholly obtained goods covers raw materials and semi-manufactured goods subject to very little processing. Products subject to this rule include base metals and minerals (copper cathodes, aluminium, cobalt, zinc, lead or titanium ores), precious metals (silver and gold), salt, earths (silica sand), blocks of stones or cut stones (granite, marble, mica, limestone or other building stones), precious stones (worked or unworked) and mineral fuels (coal, butane).

3.3. All preference-granting Members would deem such goods to be wholly obtained, although the specific draft of the rules may be more or less explicit. For instance, the EU defines such products simply as "*mineral products extracted within that country or territory*" whereas the Canadian rule states that they must be "extracted from the soil or the seabed of the country" and the Indian rule explicitly defines them as "*raw or mineral products including mineral fuels, lubricants and related materials as well as mineral or metal ores extracted from its territory*".

3.4. Of course, other products, even if subject to additional stages of processing, would be deemed to be "wholly obtained" as long as they were manufactured from entirely wholly obtained materials. This would be the case, for instance, of simple ceramic and porcelain products, mineral oils, metal tools (e.g. bolts, screws), locks and padlocks, table and kitchen metal articles (e.g. spoons) and ornaments of base metals (e.g. statuettes). All preference-granting Members also explicitly recognize that goods made only from wholly obtained goods would be deemed to be wholly obtained too.

#### 3.2 "Sufficiently" or "substantially transformed" goods:

3.5. Some of the goods covered in this sector could fall under this category when they are made of different materials, some of which are non-originating. For instance, metal alloys (steel, brass) or articles made of metal alloys (tools, kitchen and table articles, ornaments, etc.), fertilizers and

<sup>4</sup> Detailed figures for each LDC can be found in Annex 1 to this note.

jewellery. For such products, some preference-granting Members apply their general rules of origin (Canada; China; India; Republic of Korea; Chinese Taipei; Thailand; and the US) while others use product-specific rules (EU; Japan; and Switzerland).

3.6. China's rules are "CTH or a minimum local value content of 40%" and India's rules are "CTSH and a minimum local value content (or regional value content, "RVC") of 30%". Korea's rules are based on the percentage value criterion (minimum local content of 40%) and so are those of the United States (local content (materials and "direct costs of processing") of at least 35%). Japan's product-specific rules are mostly based on the CTH criterion, sometimes associated with specific requirement. Finally, the EU's (and Switzerland's) product-specific rules of origin are more granular and more varied. In general, the rule is either "CTH" or "CTH or a minimum value content of 30%" but for some products (e.g. jewellery) it is "CTH and a maximum content of non-originating materials of 50%". For some products, the CTH criteria may be combined with some restrictions ("CTH except from").

3.7. Given the industrial profile of most LDCs, the "wholly obtained" rule is most likely the origin criterion which applies to majority of exports originating in LDCs in this sector.

#### **4 UNDERUTILIZATION RATES: GENERAL OBSERVATIONS**

4.1. The interest of focusing on *underutilization* at the most detailed level possible (as opposed to focusing on overall utilization) is that this approach could help identify, in a more specific manner, areas for further attention.<sup>5</sup> As a result, identifying sectors with underutilization or "pockets of underutilization" as precisely as possible allows for an examination of origin requirements and an identification of trade restrictive and trade facilitating practices.

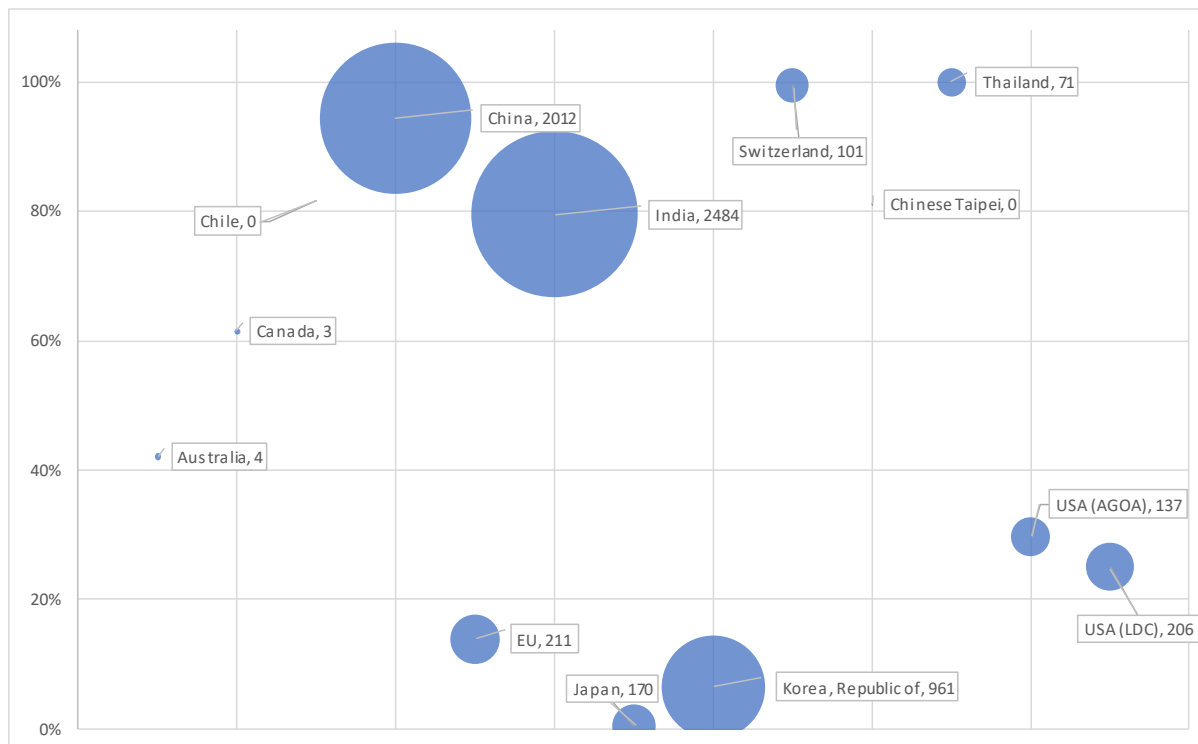
4.2. Based on the data currently available with the Secretariat (Table 1 above), there are 4,523 observations of annual imports at tariff line level (i.e. a single tariff line with preferential imports from one LDC to one preference-beneficiary Member). The overall trade weighted underutilization rate for all minerals and metals, all LDCs and all preferential schemes is 66.7%. Interestingly, though, 84.4% of observations have an underutilization of 100%, implying that smaller trade flows make less use of preferences. Even when trade flows below USD 100,000 and the top three single largest trade flows (copper, aluminium and cobalt) are excluded, 66.5% of preferences are unused. Hence, underutilization of trade preferences in the minerals and metals sector is surprising high: only about 33.3% of all preference-eligible imports receive a preference in practice.

4.3. Given that underutilization rates in this section are trade weighted, aggregate *underutilization* rates are strongly influenced by large imports of minerals and metals from LDCs by China and India, and to a lesser extent the European Union and the Republic of Korea. At a more disaggregated level, however, there is substantial heterogeneity of preference utilization across beneficiary granting Members is evident from Figure 3. Preferences are fully used in Japan, almost fully used in the US, EU and Korea but strongly underutilized in most other schemes.

---

<sup>5</sup> Section 5 of a previous note by the Secretariat (G/RO/W/185) discusses why the concept of *underutilization* is preferable to the concept of utilization. All calculations in this note concern underutilization rates. All preference eligible annual trade values at the tariff line level below USD 1,000 are excluded in this section in order to focus on substantial trade flows only. In addition, the three largest annual LDC exports values at the tariff line level (i.e. values above USD 700 million) are excluded equally to reduce their distortion of the general picture (copper, cobalt and aluminium).

**Figure 3: Value of imports and underutilization of LDC minerals and metals exports eligible for LDC-PTA tariff treatment<sup>6</sup>, in USD million, 2018**



Source: WTO Integrated Database, 2020.

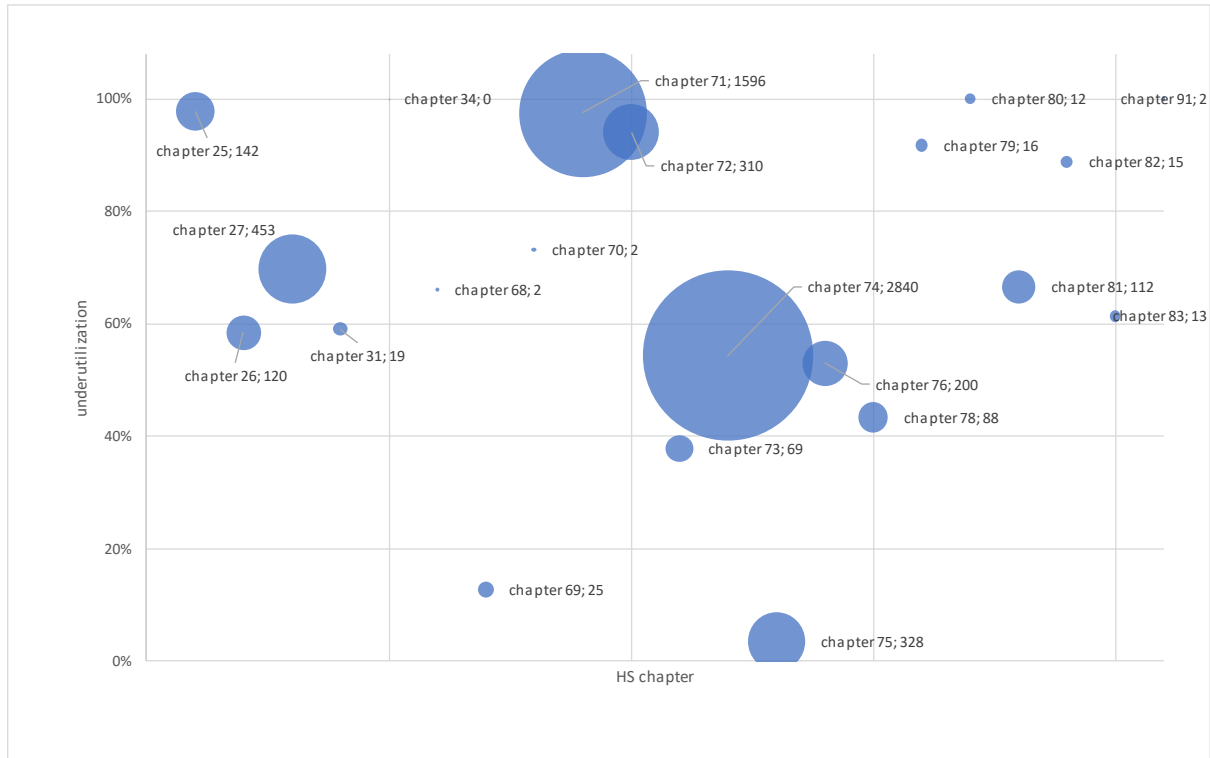
4.4. The picture is also heterogeneous in respect to the situation of beneficiary LDCs. Underutilization rates range from above 95% in the case of 18 LDCs (i.e. half of all the LDCs) to below 25% for 4 LDCs. Interestingly, eight LDCs have an underutilization rate between 50% and 80% showing that they have the capacity to utilize trade preferences but not for all their preferential exports.

4.5. Moreover, underutilization also varies substantially across HS chapters, as can be seen in Figure 4 below. There is almost no utilization of preferences in chapters 25 (salt, stones) and 71 (precious stones, jewellery) while there is almost full utilization in chapter 75 (nickel). It is difficult to explain why the utilization of trade preferences would differ so significantly for similar products such as, for instance, nickel (HS chapter 75, underutilization of only 4%), iron and steel (chapter 72, underutilization of 94%) or copper (chapter 74, underutilization of 54%).

4.6. As can be seen in Figure 4, there does not seem to be a clear relation between the total annual value of imports and *underutilization* of preferential duty schemes: underutilization rates vary irrespective of the size of imports. One could have assumed that larger and import values involve large shipments, a larger number of firms, or bigger firms who are better prepared to understand and comply with preferential origin requirements to use preferences more effectively. One peculiarity is HS chapter 71, with a very large value of trade (more than USD 1.5 billion) and an underutilization rate of 97%. The case of this chapter is examined in greater detail in section 6 below.

<sup>6</sup> Labels contain trade values (million USD), bubble size increases with the value of preference eligible trade.

**Figure 4: Value of imports and underutilization of LDC minerals and metals exports eligible for LDC-PTA tariff treatment by HS chapter<sup>7</sup>, in USD million, 2018**



Source: WTO Integrated Database, 2020.

4.7. The detailed underutilization rates for each scheme and beneficiary LDC are reproduced in Annex 1 of this note. As can be seen and as summarized above, an overall examination of imports and underutilization rates in the mineral and metals sector shows that there is no clear pattern associating underutilization with a specific LDC beneficiary, or with a specific sector, or with a specific LDC-PTA or a type of origin criteria. As a result, other factors which might help explain variations in underutilization rates are examined below.

#### 4.1 Do preferential margins influence the utilization or non-utilization of trade preferences in the minerals and metals sector?

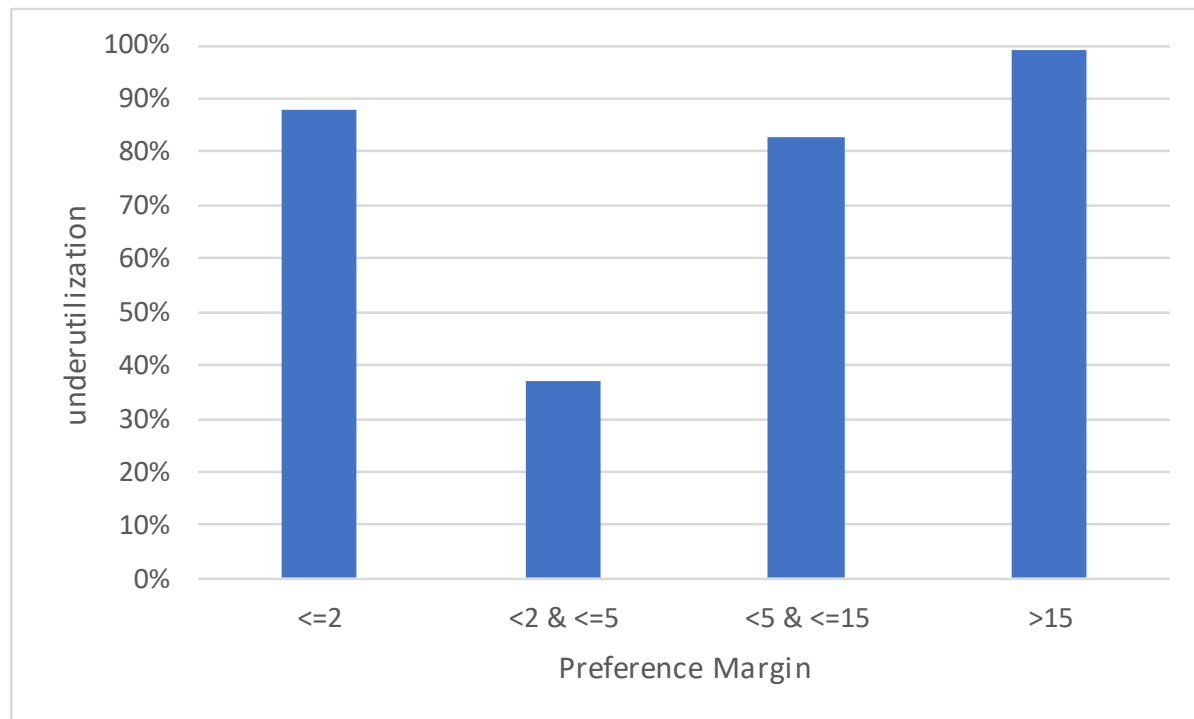
4.8. One reason commonly put forward to explain the non-utilization of a trade preference is that the preferential margin, if too small, might not provide enough incentives for firms to use trade preferences. In other words: when the import duty rate applied on an MFN basis is "low", there would be no sufficient incentive for economic operators to comply with rules of origin to claim a preference. Previous calculations by the Secretariat, however, indicated that MFN duties did not seem to be correlated to preference utilization in the case of LDC duty schemes (see graphs 1 and 2 of G/RO/W/185).

4.9. Figure 6 below, explored this reasoning with a specific focus on minerals and metals. As can be seen, no clear pattern emerges when underutilization rates are related to preferential margins. In fact, underutilization rates are high irrespective of the MFN rates and highest for those goods where the preferential margin is greatest, i.e. those goods on which operators would make the largest duty savings (goods subject to an MFN rates above 15%). If preferential margins influenced the willingness of operators to claim a preferential tariff treatment, the graph would show an opposite trend: a high level of underutilization for goods subject to low preferential margins (below 2% and between 2% and 5%) and decreasing underutilization for higher margins (between 5% and 15% and above 15%). It should be noted that the analysis is based on aggregated datasets of annual import statistics and not transaction level data. Hence, fixed costs, for example, related to an

<sup>7</sup> Labels contain trade values (million USD), bubble size increases with the value of preference eligible trade.

individual transaction, cannot be taken into consideration. However, it seems plausible to conclude that preferential margins do not influence, in general, the utilization or non-utilization of trade preferences by LDCs in this sector.

**Figure 6: Underutilization of trade preferences for minerals and metals vs. preferential margin (all trade, weighted by preferential trade volume), 2018<sup>8</sup>**



Source: WTO Integrated Database, 2020

4.10. An exception to this general observation could be high-value goods such as precious stones. For such goods, product quality and firm-supplier relations are more determinant than the availability of trade preferences. For instance, imports of more than USD 90 million of rubies, sapphires and emeralds (HS 710391) to Switzerland are subject to an MFN rate of CHF 800 per 100kg and no preferences are utilized (underutilization rate of 100%). Such cases are, however, circumscribed to some products only.

4.11. Given the significant values associated with imports of some mineral and metal products, an increase of utilization in this sector could lead to significant duty savings, even in instances in which the MFN duty rates and the resulting preferential margins are relatively low.

#### **4.2 Are stricter origin criteria associated with more complex products and higher preference underutilization?**

4.12. Another possible assumption would be that raw materials and less processed goods products are associated with simpler origin criteria (wholly obtained goods) and would therefore be associated with fuller utilization of preferences. Conversely, more complex manufactured goods could be associated with more complex product-specific rules and therefore a more variable ability to utilize preferences by firms. To test this hypothesis, underutilization rates were examined in relation to the complexity of products.<sup>9</sup> The majority of products in the minerals and metals in MTN category are

<sup>8</sup> Note: Eligible Trade values at the tariff line level below USD 1,000 are excluded in this section in order to focus on trade flows with substantial values. In addition, the three biggest trade flows at the tariff line level (i.e. above USD 700 million) were also excluded to avoid any distortions.

<sup>9</sup> Products were grouped using the "Broad Economic Categories", which classifies products either as primary or processed: <https://unstats.un.org/unsd/trade/classifications/bec.asp>.



---

classified as "processed products", and for this category, the underutilization rate is 66%. Interestingly, underutilization is even higher, at 73%, for the remaining "primary products".

## **5 WHICH OTHER FACTORS INFLUENCING UNDERUTILIZATION?**

5.1. If underutilization is not clearly associated with the stringency of rules of origin (wholly obtained origin criteria) or preferential margins, other factors could be influencing the ability of LDC exporters to utilize trade preferences. Such other factors could relate to: (1) a poor awareness by economic operators that trade preferences are available; or (2) a poor ability to comply with other origin requirements, namely origin certification or direct consignment rules. Both are discussed below. Finally, another possibility is that the data being analysed does not take into account special regimes which allow for duty-free importation. It is possible that such regimes could be significant in the case of some products (e.g. metals which are imported to be processed and exported and which could hence benefit from duty drawback schemes). The data notified by Members to the WTO might not reflect that a preference was ultimately granted. However, such cases are circumscribed and would not affect the overall findings for this entire sector.

### **5.1 Awareness that a preference is available**

5.2. Awareness that a trade preference is available is an essential component of preference utilization. However, it is a factor which cannot be tested through trade statistics at an aggregate level. Only firm-level evidence could confirm that firms are not claiming a preference because they are not aware that one is available or because they prefer not to invest to develop the necessary knowledge about preferences. Nevertheless, while it might not be possible to quantify the influence that this could have on underutilization, it is plausible to assume that this lack of awareness hinders greater utilization, in particular for small-value consignments (assuming that the exporting firms are also smaller and less exposed to international trade).

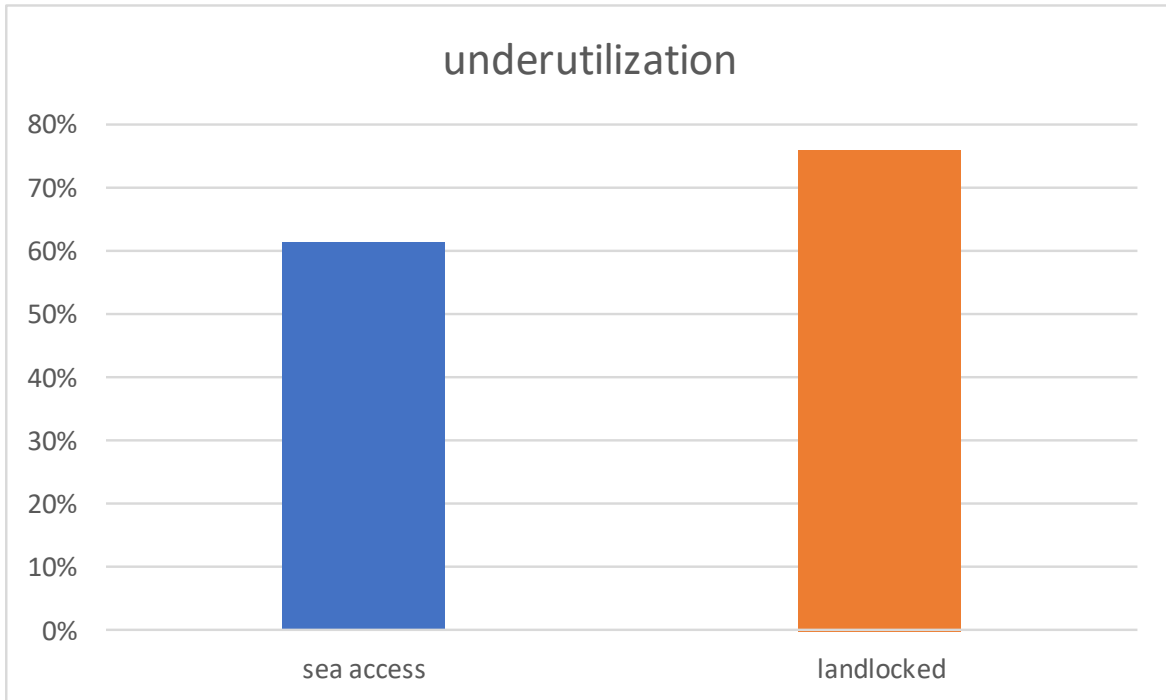
### **5.2 Direct consignment rules**

5.3. As was shown in a previous note by the Secretariat (G/RO/W/187/Rev.1), stricter direct consignment and documentary requirements are associated with higher *underutilization*, at least in the case of agricultural products. The same finding can also be observed for minerals and metals. As can be noted in Figure 8 below, underutilization rates are higher for landlocked LDCs (76%) than for LDCs with sea access (62%) indicating that logistical and transportation arrangements can influence preference utilization in this sector too. However, the difference in underutilization for both LDC groups is less marked for minerals than had been noted for agricultural products.<sup>10</sup>

---

<sup>10</sup> The underutilization rate for landlocked LDCs was more than double (52%) that of LDCs with access to the sea (21%) (Graph 1 in G/RO/W/187/Rev.1).

**Figure 8: Underutilization rates for minerals and metals for Landlocked LDCs vs. LDCs with sea access, 2018**



Source: WTO Integrated Database, 2020

## 6 THE SPECIFIC CASE OF CHAPTER 71

6.1. To get a better understanding about possible patterns of underutilization in minerals and metals, this section examines the case of a narrower range of goods: those of HS chapter 71 (precious stones, gold, jewellery).

6.2. More than USD 1.5 billion of imports from LDCs are eligible for preferences in this chapter. On the preference-granting Member side, India is the main importer of goods originating in LDCs (82% of imports in this chapter), followed by China (9%) and Switzerland (6%). On the preference-beneficiary Member side, Tanzania and Burkina Faso are the main exporters (gold to India) followed by Myanmar (rubies, sapphires and emeralds to Switzerland). Underutilization is high in chapter 71: across all the top 25 LDC exports by value (at the tariff line level) all products have an underutilization of 100%, except for exports of silver waste and scrap from Zambia to the Republic of Korea (0% underutilization). While overall underutilization for the entire chapter is very significant (95%), underutilization rates vary significantly across HS sub-headings.

6.3. Despite this relative concentration of flows at the chapter level, a detailed analysis of specific subheadings yields interesting observations in relation to origin criteria. Table 2 below details underutilization rates and origin criteria for HS subheading 711311. As can be seen, there are interesting variations: for example, silver exports from Niger almost fully utilized preferences in the EU but not in China, Japan or Switzerland. In the case of Nepal, preferences are only partially used with the EU, but almost fully used in the case of Japan and the US, despite very similar origin criteria. In this particular case, variations in origin criteria do not seem to lead to higher or lower preference utilization.

**Table 2: Underutilization and origin criteria for articles of jewellery and parts thereof, of silver (HS 711311)**

Preference-granting Member	Exporting LDC	Value of trade eligible for preferences (USD)	Origin criteria	Underutilization
EU	Niger	837,898	CTH or RVC 30%	4%
China	Niger	615,348	CTH or RVC 40%	100%
Japan	Niger	102,660	CTH	100%

Preference-granting Member	Exporting LDC	Value of trade eligible for preferences (USD)	Origin criteria	Underutilization
Switzerland	Niger	114,058	CTH or RVC 30%	100%
EU	Nepal	595,741	CTH or RVC 30%	44%
Japan	Nepal	193,655	CTH	6%
USA (LDC)	Nepal	798,716	RVC 35%	16%
Korea, Rep. of	Myanmar	110,091	RVC 40%	100%

6.4. Similar observations can be made in respect of HS subheading 711319 as shown in Table 3 below. As can be seen, underutilization rates vary and do not seem to follow a pattern related to the applicable origin criteria. For instance, exports from Lao PDR to Australia hardly ever utilize preferences while Nepal's exports always do in most instances: yet, the rule is identical. Nepal's exports to the US also use effectively preferences while Lao PDR exports to Canada do not at all. In the particular case of this subheading and these two LDCs therefore, the ability of firms to use preferences in the exporting LDC seem to be more important than the type of origin criteria being used. The case of exports from Nepal in HS 711311 (previous table) seems to confirm this.

**Table 3: Underutilization and origin criteria for articles of jewellery of precious metal other than silver (HS 711319)**

Preference-granting Member	Exporting LDC	Value of trade eligible for preferences (USD)	Origin criteria	Underutilization
Switzerland	Myanmar	3,705,896	CTH or RVC 30%	100%
EU	Myanmar	828,586	CTH or RVC 30%	100%
EU	Mozambique	141,886	CTH or RVC 30%	100%
USA (LDC)	Nepal	1,253,765	RVC 35%	6%
USA (LDC)	Cambodia	801,957	RVC 35%	0%
Australia	Lao PDR	1,065,863	RVC 50% (LDC 25%)	91%
Australia	Nepal	260,056	RVC 50% (LDC 25%)	12%
Canada	Lao PDR	258,678	RVC 20%	100%
Japan	Myanmar	265,587	CTH	100%

## 7 POSSIBLE CONCLUSIONS

7.1. Minerals and metals are another sector for which underutilization of trade preferences is surprisingly high: only about a third of imports from LDCs receive preferences in this sector. This is all the more surprising as many products in this sector are wholly obtained goods. However, underutilization does not affect all products, all LDCs and all preference-granting Members in the same manner. Utilization varies greatly between different schemes and, within each scheme, between sectors. Given the significant values of imports of minerals and metals, improving preference utilization could yield significant duty savings for beneficiary LDCs.

7.2. As shown in this note, however, the reasons associated with the non-utilization or underutilization of trade preferences are not entirely clear, but some reasons could be excluded. First, low preferential margins do not seem to influence utilization. Second, the complexity of products (whether raw materials or more processed goods) also do not seem to influence utilization. Third, the origin criterion also does not seem to clearly influence utilization (whether wholly obtained or substantially transformed, whether the criterion is based on value or tariff classification, etc.), although this reason cannot be dismissed for specific tariff lines.

7.3. As a result, other possible reasons should be further studied, in particular: direct consignment rules (whether goods are consigned directly or were transhipped); variations in obligations related to origin certification (not examined in this note); and awareness among economic operators that a preference is available.

## ANNEX 1 – UNDERUTILIZATION OF TRADE PREFERENCES IN MINERALS AND METAL PRODUCTS: MEMBER-BY-MEMBER BREAKDOWN

2018 OR LATEST AVAILABLE YEAR (SEE TABLE 1)

- (1) Share of total imports eligible for LDC preferences but not receiving preferential treatment (%)  
 (2) Value of total imports eligible for LDC preferences but not receiving preferential treatment (in thousand USD)

	Australia		Canada		Chile		China		EU		India	
	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)
<b>Afghanistan</b>	100	8	86	167	100	0	100	195	99	949	100	45
<b>Angola</b>	100	19	100	11	100	0	100	78,584	29	3,061	100	104,489
<b>Bangladesh</b>	14	77	96	768	68	94	100	78	5	1,390	100	50,940
<b>Benin</b>							100	1	81	8	95	22,140
<b>Burkina Faso</b>	100	1	100	4					85	166	100	216,748
<b>Burundi</b>			100	0			100	2	100	0	100	2
<b>Cambodia</b>	3	28	37	591	100	35	100	5,999	7	1,025	76	2,742
<b>Central African Republic</b>	100	2	100	0	100	0			100	11		
<b>Chad</b>			100	5	100	22	100	68	100	20		
<b>Democratic Republic of the Congo</b>			100	1			100	1,727,696	99	261	100	34,466
<b>Djibouti</b>			100	0			100	21	100	5,764	100	410
<b>The Gambia</b>			100	8					97	24	100	2,847
<b>Guinea</b>	100	2	99	4	100	1	100	20	99	37	100	253,730
<b>Guinea-Bissau</b>									100	5	100	314
<b>Haiti</b>	100	2	70	25	100	2			46	21	100	2,280
<b>Lao People's Democratic Republic</b>	91	974	100	263					100	116	58	77,676
<b>Lesotho</b>			100	0	100	0	100	14			100	3,646
<b>Liberia</b>			100	12			100	2,919	100	143	100	8,819
<b>Madagascar</b>	72	14	99	39	100	7	22	22,038	9	247	100	7,198
<b>Malawi</b>			100	0			100	9	99	84	100	60
<b>Mali</b>	100	13	100	0			100	6	90	302	100	167,116
<b>Mauritania</b>			100	1			100	20	100	194	100	9,013
<b>Mozambique</b>	100	4	100	45	100	1	100	19,693	0	440	100	253,678
<b>Myanmar</b>	60	55	100	31	100	14	100	411,356	54	7,482	100	748
<b>Nepal</b>	15	74	21	53	92	27	48	3,174	29	690	100	64,655
<b>Niger</b>	100	32	75	24			100	621	11	101	100	234
<b>Rwanda</b>			100	0			51	12	99	51	40	443
<b>Senegal</b>	100	2	61	3			100	13	12	3,034	95	25,607
<b>Sierra Leone</b>	100	64	95	9			100	1,939	100	113	100	14,694
<b>Solomon Islands</b>	100	4	100	0					100	6		
<b>Tanzania</b>	100	8	25	3			100	15,030	99	654	99	501,069
<b>Togo</b>	100	29	72	0			100	8	90	287	100	114,325
<b>Uganda</b>	100	76	99	11	100	10	100	18	99	223	100	256
<b>Vanuatu</b>	100	26			100	10	100	16	100	4	100	20
<b>Yemen</b>			100	18	100	0	99	8,852	42	2,354	100	2,723
<b>Zambia</b>	100	13	100	0	100	0	98	1,967,802	2	307	7	31,880
<b>Total LDCs</b>		1,527		2,096		223		4,266,204		29,574		1,975,013

	Japan		Rep. of Korea		Switzerland		Chinese Taipei		Thailand		USA (AGOA)		USA (LDC)	
	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)	(1)(%)	(2)
<b>Afghanistan</b>	100	15	100	2	100	5,453			100	4			65	102
<b>Angola</b>			20	35,176							100	8	100	8
<b>Bangladesh</b>	39	82	81	4,109	80	252	100	2	100	165				
<b>Benin</b>					100	1								
<b>Burkina Faso</b>	100	6	100	0	100	4	100	7						
<b>Burundi</b>									100	0			0	
<b>Cambodia</b>	4	24	97	833	91	58	100	1	100	56,739			25	9,843
<b>Central African Republic</b>			69	1,316	100	13					100	28	100	28
<b>Chad</b>														
<b>Democratic Republic of the Congo</b>			0	1,732	100	49			100	0			1	103
<b>Djibouti</b>			100	0					100	1	100	13	100	13
<b>The Gambia</b>									100	7	100	3	100	3
<b>Guinea</b>			100	54	100	16			100	0	100	53	100	53
<b>Guinea-Bissau</b>														
<b>Haiti</b>					28	10			100	0			25	100
<b>Lao People's Democratic Republic</b>	100	17	100	101	100	46			100	13,123				
<b>Lesotho</b>					100	1,428					100	6	100	6
<b>Liberia</b>			100	134					100	1	100	5	100	5
<b>Madagascar</b>	0	28	1	1,139	100	14,779			100	366	4	193	4	193
<b>Malawi</b>			100	0					100	0				
<b>Mali</b>	0		38	374					100	1	49	15	49	15
<b>Mauritania</b>			100	57	100	54								
<b>Mozambique</b>	0		100	6,460	100	21,403					81	1,058	81	1,058
<b>Myanmar</b>	14	284	5	201	100	52,226	100	29	100	966			8	288
<b>Nepal</b>	20	88	76	8	65	794	79	227	100	24			9	278
<b>Niger</b>	100	103	100	3	100	132			100	37	72	87	72	87
<b>Rwanda</b>			100	0	100	1					8	68	8	68
<b>Senegal</b>	0		100	120	100	11			100	1	76	13	76	13
<b>Sierra Leone</b>			100	55					100	1	28	113	28	113
<b>Solomon Islands</b>			100	0										
<b>Tanzania</b>			100	1,979	100	409			100	2	83	19	83	19
<b>Togo</b>	100	5	100	0	100	127			100	1				
<b>Uganda</b>			36	191	100	1			100	0	5	92	5	92
<b>Vanuatu</b>														
<b>Yemen</b>			100	5,843	100	17			100	3			0	
<b>Zambia</b>	0		3	2,777	100	3,587			100	0	31	39,057	31	39,057
<b>Total LDCs</b>		652		62,664		100,871		266		71,442		40,831		51,545

Source: WTO Integrated Database, 2020.